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and allowance for depreciation, with special reference to goodwill and other things, the values of which are not directly indicated by market competition: for, in consequence of the modern tendency towards the investment of public and semi-public funds in slippery properties of this kind the very difficult questions connected with them are growing in interest and importance.

Elements of statistical method should be studied early; but mathematical work in statistics should be united with mathematical versions of pure economic theory as an optional subject at the end of the course.

The history of economic doctrine should be another optional subject.

And lastly, though the question is not free from difficulties, some of which lie outside of my province, and though more than three years are already bespoken, I think that perhaps room should be found for the optional study of the principles of those branches of law, the policy of which is mainly governed by economic considerations. Such are laws relating to contract generally, landlord and tenant, joint-stock companies, bankruptcy, patents, monopolies, combinations in restraint of trade, factory and labour legislation generally.

It is indeed a chief part of the work of the economist to consider the regulative functions of Government as regards such matters. In consequence, the studies of economics and law are associated in the same faculty in the universities of many countries: and where that is not done, as in north Germany, it is customary for students of law to attend some lectures on economics, and *vice versa*. In fact this appears to be the only western country in which the two studies have been entirely dissociated.

I speak with a view to those students whose interests are mainly economic. I hope that this scheme may be extended by the addition of a few papers on political science, including international law, for the benefit of students who are looking forward to a political career (including diplomacy in its economic relations), who wish to give about half their time to economics, and the other half to recent general history and political science.

THE RECLASSIFICATION OF THE PAPER CURRENCY.

THE purpose of the act of March 14, 1900, was, in addition to reaffirming the gold standard, to systematize the currency of the United States and provide a distinctive field for the circulation of silver certificates. Two years have passed, and it is interesting to inquire how far the process has gone on and to what extent the purposes of the act have been carried out.

Prior to the act the various forms of currency were issued in denominations of one dollar and upwards. Under the act, February

28, 1878, any holder of silver coin might deposit with the treasurer in sums not less than \$10 and receive therefore certificates of not less than \$10 each, corresponding with the denominations of United States notes.¹ The result was that \$5, \$10, \$20, \$50, \$100, \$500, and \$1,000 certificates were circulated by that act, and in 1886 Congress authorized the issue of silver certificates in \$1, \$2, and \$5 denominations which were to be substituted for the higher ones.² Up to 1890 the secretary of the treasury was given full power to determine the denominations of United States notes, the law reading: "United States notes shall be of such denominations not less than \$1 as the secretary of the treasury may prescribe." Congress in 1890 attempted to check the substitution of large denominations for the notes below \$5, but the new act aims to secure this very thing. The recent law also requires the retirement of the treasury notes as rapidly as possible in that such notes when redeemed in silver coin must be canceled.

The denominations of currency under the new act are: silver certificates \$10 and under, except that 10 per cent. may be issued in denominations of \$20, \$50, and \$100; United States notes in denominations of \$5 and upwards and the retirement of smaller denominations less than \$5 and reissue in larger denominations; national bank notes shall not be less than \$5 except in so far as one-third of such notes may be in denominations of less than \$5. The act provides then a larger field for silver circulation, and the treasury note is to be removed by redemption, and by coinage of the bullion into subsidiary silver.

Through the medium of redemption, reissue, retirement, and coinage, the government expects to systematize the currency by the new law. It remains to be seen how far the provisions of this legislation has been carried out. To do this it will be necessary to examine the situation at the time of the act and at intervals since its passage. The bank note may be left out of the calculation, in that the new law does not affect the denominations of that form of currency. One-third of the national bank notes may be in denominations less than \$5, the limit being, therefore, in the neighborhood of \$100,000,000; but at present the circulation of such notes in denominations less than \$5 is not \$1,000,000. On March 31, 1900, the denominations of paper currency outstanding were as indicated in the table below:

¹Section 3.

²Act, August 4, 1886.

Denominations.	United States Notes.	Treasury Notes, 1890.	Silver Certificates.	Silver Dollars.
One dollar	\$ 2,165,171	\$ 7,050,989	\$ 49,691,129	.....
Two dollars	1,976,675	6,211,506	29,018,983	.....
Five dollars	83,784,287	30,342,315	105,986,357	.....
Ten dollars	96,668,731	29,681,100	126,813,681	.....
Twenty dollars	75,587,802	9,179,690	71,395,070	.....
Fifty dollars	12,875,550	126,000	19,933,310	.....
One hundred dollars	22,712,800	1,308,400	4,058,970	.....
Five hundred dollars	10,770,000	.....	146,500	.....
One thousand dollars	41,115,000	1,475,000	2,679,000	.....
Five thousand dollars	15,000	.....	.....	.....
Ten thousand dollars	10,000	.....	.....	.....
Total	\$347,681,016	\$85,375,000	\$409,723,000	\$69,139,994
Destroyed	1,000,000	.....	.....	.....
Net	\$346,681,016	\$85,375,000	\$409,723,000	\$69,139,944

The total circulation at the time was \$2,021,274,506.

The changes proposed would necessitate (1) the issue of \$20,000,000 subsidiary silver and the retirement of \$13,000,000 of treasury notes; (2) the retirement of treasury notes (\$72,375,000) and issue of nearly \$100,000,000 additional silver certificates; (3) the issue of silver certificates in \$1, \$2, and \$5 denominations for \$2,825,500 in \$500 and \$1,000 denominations; (4) the issue of about \$60,000,000 silver certificates for \$20, \$50, \$100 denominations of same currency; (5) the retirement of about \$98,000,000 in United States notes in \$1, \$2, and \$5 denominations, and the reissue of the same amount in larger denominations. The readjustment when finally completed would be somewhat as presented in the table below:

READJUSTMENT OF CURRENCY.¹

Denominations.	United States Notes.	Silver Certificates.
One dollar .....	.....	\$ 80,000,000
Two dollars .....	.....	40,000,000
Five dollars .....	.....	200,000,000
Ten dollars	\$106,000,000	150,000,000
\$20, \$50, and \$100	180,000,000	40,000,000
\$500 and over	60,000,000	.....
Total	\$346,000,000	\$510,000,000

¹*Sound Currency*, Vol. VII, p. 50.

On August 31, 1901, six months after the passage of the act, there were \$2,112,505 in \$1, \$1,855,952 in \$2, and \$72,352,952 in \$5 denominations of United States notes, a reduction of about \$10,000,000 in the \$5 denominations, followed by slight increases in the larger denominations. The \$1 silver certificates had increased from \$49,691,129 to \$54,195,939, and the \$2 silver certificates from \$29,018,983 to \$32,318,333.

The largest increase was found, however, in the \$5 silver certificates, the amount having risen from \$105,986,357 to \$124,412,072. The movement is evidently very largely due to the coinage of the bullion represented by the treasury notes, for during the six months the treasury notes had been reduced from \$85,375,000 to \$70,388,000, while the silver certificates of \$1, \$2, and \$5 denominations had increased from \$184,696,469 to \$210,926,344, leaving the sum of the increase at \$26,229,875, \$15,000,000 of which are accounted for by the retirement of the treasury notes. The remaining \$11,000,000 are made up as follows: \$20 denominations, \$10 474,320; \$50 denominations, \$5,617,175, and \$100 denominations, \$530,150, a total of \$16,621,645; but the \$10 denominations had made a gain of \$6,643,770. Adding, however, the decline in the \$1,000 denominations to the former amounts (some \$1,720,000), the net gain of small denomination silver certificates was \$11,697,875.

It still is to be seen, nevertheless, whether the change in amount of denominations is not due to the course of trade rather than treasury action. By October 31, 1901, a very great change had taken place in the denominations of the currency.¹ The treasury notes had been decreased to \$41,434,000, and the silver certificates had increased to \$449,648,000. The situation is well represented by the following table.

As compared with the statement of March 31, 1900, practically no change had taken place in the \$1 and \$2 denominations of the United States notes, but there had been a falling off in the \$5 denomination of about \$40,000,000, and an increase of \$60,000,000 in the \$10 denomination, the difference of \$20,000,000 being made up by the decrease in the \$20, \$50, \$100, \$500, and \$1,000 denominations. The treasury note denominations had decreased in every case to less than half in the total to what they were a year and a half before. In the case of the silver certificates, a great change is noticed. The \$1 denomination has increased to \$64,467,041, the \$2 denomination to

¹ *Monthly Summary of Commerce and Finance*, October, 1901.

DENOMINATIONS OF CURRENCY, OCTOBER 31, 1901.

Denominations.	United States Notes.	Treas. Notes.	Silver Certificates.
One Dollar	2,019,488	1,723,032	64,467,041
Two Dollars	1,626,358	1,559,533	39,076,886
Five Dollars	43,714,222	13,849,625	197,153,387
Ten Dollars	157,367,471	16,892,710	96,648,861
Twenty Dollars	65,408,452	5,713,550	41,582,570
Fifty Dollars	11,502,475	81,250	7,802,535
One Hundred Dollars	2,030,050	863,300	2,581,220
Five Hundred Dollars	11,142,500	.....	79,500
One Thousand Dollars	33,850,000	771,000	258,000
Five Thousand Dollars	10,000	.....	.....
Ten Thousand Dollars	10,000	.....	.....
	347,681,000 ¹	41,434,000	449,648,000

\$39,076,886, and the \$5 denominations to \$197,153,387, while the \$10 and \$20 denominations had decreased about \$60,000,000. The progress made in carrying out the provisions of the act may be noted by the comparison below.

READJUSTMENT OF CURRENCY.

FINAL ADJUSTMENT.			CONDITION OCT. 31, 1901.		
Denominations.	U. S. Notes.	Silver Certificates.	U. S. Notes.	Treas. Notes.	Silver Certificates.
One Dollar....	\$	\$ 80,000,000	\$ 2,019,488	\$ 1,723,032	\$ 64,464,041
Two Dollars...	.....	40,000,000	1,626,358	1,559,533	39,076,886
Five Dollars...	.....	200,000,000	43,714,222	13,849,625	197,153,387
Ten Dollars...	106,000,000	150,000,000	157,367,471	16,892,710	96,648,861
\$20, \$50, \$100.	180,000,000	40,000,000	97,990,977	944,550	51,965,325
\$500 and over.	60,000,000	.....	14,547,500	771,000	337,500
Totals.....	\$346,000,000	\$510,000,000	\$347,681,000	\$ 41,434,000	\$449,648,000

Much remains to be done on the final adjustment. It will take at least two more years to retire the treasury notes. From the figures given above the silver certificate has nearly reached its maximum in three fields of estimated circulation, the \$2, \$5, and \$500 denominations. The movement from \$20, \$50, and \$100 denominations will be much slower. In the case of the United States notes it is a ques-

¹ United States notes net \$346,681,000.

tion whether the \$5 denomination of that form of currency can be forced from the field. The act has certainly bettered matters greatly, the dangerous treasury note is being rapidly retired and the silver certificate given a definite field of circulation. The latter is virtually a token money, and now that Congress has acknowledged the principles of such money in the limitation of the amount and indirect redemption, it may circulate in the place provided for it without the dangerous influences at work in 1890-3. The currency as a whole is in a much better condition than at any time since 1860, and the reclassification now going on will tend to further improvement.

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SAFEGUARDING OF FACTORY MACHINERY.

ALL civilized nations have enacted laws for the safety of working people who are employed around machinery, and every state in the union has some specific laws which refer to guarding of machinery. The beneficial effects of such legislation can best be observed in the efforts of mechanical engineers to devise means by which all points of danger to an operator of a machine may, as far as possible, be guarded, and the modern manufacturer, in this country at least, has shown great skill and ingenuity in solving this problem. He has been so successful that it is safe to say, safety guards, aside from being useful, today, are also an ornament to machinery.

Let us look at some modern laundry machinery. There we find that all gears and cogwheels are effectively shielded. The big steam mangle with its three pairs of large rollers has a roller guard in front of the feed roller, which makes it absolutely impossible for the operator's fingers to be caught between the heated rollers, and the top of the mangle is protected by an iron screen. This screen is there for the sole purpose to prevent the operator from reaching over the rollers if she should want to rescue a sheet which has been going the wrong way, or to straighten out a piece of fabric which got doubled up. The extractor has been provided with a foot brake, and the outside bowl is covered by a wire hood, and it is impossible to reach down into the revolving inner bowl as long as the same is in motion. The pressman in a modern printing establishment may work with a feeling of perfect safety around his press, for all gearings have been guarded by orna-